



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

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SEP 08 2014

Uniform Issue List: 402.00-00

Legend

T, EP: RA, +1

Taxpayer A =

Individual B =

Plan C =

Account D =

Account E =

IRA F =

Financial Institution G =

Financial Institution H =

Organization J =

Amount 1 =

Amount 2 =

Amount 3 =

Date 1 =

Date 2 =
Date 3 =
Date 4 =
Date 5 =
Date 6 =
Date 7 =
Date 8 =

Dear :

This is in response to your request dated April 21, 2014, as supplemented by correspondence received on July 23, July 28, August 4, and August 6, 2014, in which you request a waiver of the 60-day rollover requirement contained in section 402(c)(3)(A) of the Internal Revenue Code (the "Code").

The following facts and representations have been submitted under penalty of perjury in support of the ruling requested.

Taxpayer A represents that she received a distribution from Plan C totaling Amount 1. Taxpayer A asserts that her failure to accomplish a rollover of a portion of distribution Amount 1, equal to Amount 2, from Plan C to an individual retirement arrangement ("IRA") described under section 408 of the Code, within the 60-day period prescribed by section 402(c)(3)(A) of the Code, was due to the worsening medical condition of her elderly mother, Individual B, for whom she was caring. Taxpayer A further represents that Amount 2 has not been used for any other purpose.

Taxpayer A represents that she is a citizen of the United States and shared a residence with Individual B. Individual B had several serious illnesses, including dementia, stroke, and breast cancer.

On Date 1, Taxpayer A retired from Organization J, which maintained Plan C, a qualified plan under section 401(a) of the Code. Prior to receiving a distribution from Plan C, Taxpayer A explored various investment options. Taxpayer A determined that a portion of total distribution Amount 1, equal to Amount 3, would be rolled over into an IRA with Financial Institution H, with which she had a business relationship for many years. Amount 2 would also be rolled over, with the balance of Amount 1 to be used for living expenses and non-IRA savings.

On Date 2, Taxpayer A took a partial lump sum distribution equal to Amount 1 from Plan C, which was deposited into her checking account with Financial Institution G, Account D. On Date 3, a day after the distribution, Taxpayer A transferred Amount 1 to her savings account, Account E, a non-IRA account maintained by Financial Institution G. On Date 5, Taxpayer A rolled over Amount 3 to IRA F maintained by Financial Institution H.

While Taxpayer A was considering other financial institutions for purposes of rolling over Amount 2 to an IRA, however, on Date 4 Individual B's condition began to worsen and Taxpayer A became preoccupied with her care. On Date 6, three weeks after the expiration of the 60-day rollover period, Individual B was hospitalized. A few days later, on Date 7, Individual B was released into hospice care with Taxpayer A. On Date 8, Individual B died.

Based on the above facts and representations, you request a waiver of the 60-day rollover requirement contained in section 402(c)(3)(A) of the Code with respect to Amount 2.

With respect to your ruling requests, section 402(a)(1) of the Code provides that except as otherwise provided in this section, any amount actually distributed to any distributee by any employees' trust described in section 401(a) which is exempt from tax under section 501(a) shall be taxable to the distributee, in the taxable year of the distributee in which distributed, in the manner provided under section 72 (relating to annuities).

Section 402(c) of the Code provides rules governing rollovers of amounts from exempt trusts to eligible retirement plans, including IRAs.

Section 402(c)(1) of the Code provides, generally, that if any portion of an eligible rollover distribution from a qualified employees trust is paid to the employee in an eligible rollover distribution and the employee transfers any portion of the property received in such distribution to an eligible retirement plan, and in the case of a distribution of property other than money, the amount so transferred consists of the property distributed, such distribution (to the extent so transferred) shall not be includible in gross income for the taxable year in which paid.

Section 402(c)(2) of the Code provides that the maximum amount of an eligible rollover distribution to which paragraph (1) applies shall not exceed the portion of such distribution which is includible in gross income (determined without regard to paragraph (1)).

Section 402(c)(3)(A) of the Code provides, generally, that section 402(c)(1) shall not apply to any transfer of a distribution made after the 60th day following the day on which the distributee received the property distributed.

Section 402(c)(3)(B) of the Code provides that the Secretary may waive the 60-day requirement under subparagraph (A) where the failure to waive such requirement would be against equity or good conscience, including casualty, disaster, or other events beyond the reasonable control of the individual subject to such requirement. Only distributions that occur after December 31, 2001, are eligible for the waiver under section 402(c)(3)(B).

Section 402(c)(4) of the Code defines "eligible rollover distribution" as any distribution to an employee of all or a portion of the balance to the credit of an employee in a qualified trust, except that such term shall not include:

(A) any distribution which is one of a series of substantially equal periodic payments (not less frequently than annually) made --

(i) for the life (or life expectancy) of the employee or the joint lives (or joint life expectancies) of the employee and the employee's designated beneficiary, or

(ii) for a specified period of 10 years or more,

(B) any distribution to the extent the distribution is required under section 401(a)(9), and

(C) any distribution which is made upon hardship of the employee.

Section 402(c)(6)(A) of the Code provides that the transfer of an amount equal to any portion of the proceeds from the sale of property received in the distribution shall be treated as the transfer of property received in the distribution.

Section 402(c)(6)(B) of the Code provides that the excess of the fair market value of property on sale over its fair market value on distribution shall be treated as property received in the distribution.

Section 402(c)(6)(D) of the Code provides that no gain or loss shall be recognized on any sale described in subparagraph (A) to the extent that an amount equal to the proceeds is transferred pursuant to paragraph (1).

Section 402(c)(8) of the Code defines eligible retirement plan as (i) an individual retirement account described in section 408(a); (ii) an individual retirement annuity described in section 408(b) (other than endowment contract); (iii) a qualified trust; (iv) an annuity plan described in section 403(a); (v) an eligible deferred compensation plan described in section 457(b) maintained by an eligible employer as described in section 457(e)(1)(A); and (vi) an annuity contract described in section 403(b).

Revenue Procedure 2003-16, 2003-4 I.R.B. 359, provides that in determining whether to grant a waiver of the 60-day rollover requirement pursuant to section 402(c)(3)(B) of the Code, the Service will consider all relevant facts and circumstances, including: (1) errors committed by a financial institution; (2) inability to complete a rollover due to death, disability, hospitalization, incarceration, restrictions imposed by a foreign country, or postal error; (3) the

use of the amount distributed (for example, in the case of payment by check, whether the check was cashed); and (4) the time elapsed since the distribution occurred.

The information and documentation submitted support Taxpayer A's assertion that her failure to accomplish a rollover of Amount 2 within the 60-day period prescribed by section 402(c)(3)(A) of the Code was due to the worsening medical condition of her sick mother, for whom she was caring.

Therefore, pursuant to section 402(c)(3)(B) of the Code, the Service hereby waives the 60-day rollover requirement with respect to the distribution of Amount 2 from Plan C. Taxpayer A is granted a period of 60 days from the issuance of this ruling letter to contribute Amount 2 to an IRA. Provided all other requirements of section 402(c), except the 60-day requirement, are met with respect to such contribution, Amount 2 will be considered a rollover contribution within the meaning of section 402(c)(3).

This letter ruling is based on the assumption that Plan C is a plan qualified within the meaning of section 401(a) of the Code.

This ruling does not authorize the rollover of amounts that are required to be distributed by section 401(a)(9) of the Code.

No opinion is expressed as to the tax treatment of the transaction described herein under the provisions of any other section of either the Code or regulations which may be applicable thereto.

This letter is directed only to the taxpayer who requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

If you wish to inquire about this ruling, please contact . Please address all correspondence to SE:T:EP:RA:T1.

Sincerely yours,

Carlton A. Watkins, Manager
Employee Plans Technical Group 1

Enclosures:
Notice of Intention to Disclose
Deleted copy of this letter